

DEEM

Decision No. 18885

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of the PICKWICK STAGES SYSTEM, a)
corporation, and E. C. CRAIG, for)
the former to lease to and the)
latter to hire from, certain op-)
erative rights of the former for)
the transportation of passengers)
and express matter between Buelton)
and Los Olivos and intermediate)
points, including Solvang and)
Santa Ynez.)

Application No. 14049

Frank B. Austin and Warren E. Libby,
for Applicants.

Thomas P. Weldon, for S. Sorensen,
Protestant.

BY THE COMMISSION:

O P I N I O N

This is a request made jointly by Pickwick Stages System and E. C. Craig for an order of this Commission authorizing the latter to lease and hire from the former the operative rights granted to the former by and under Decision No. 10,079 of this Commission issued on Application No. 7508. These rights permit the Pickwick Company to operate an automotive service for the transportation of persons and property between Buelton, Solvang, Los Olivos and Santa Ynez.

A public hearing was held before Examiner Vaughan at Santa Maria, the matter was duly submitted and is now ready for decision.

The service rendered under these operative rights is essentially a local service and a branch line service as concerns the Pickwick Company. The application points out that the operation thereunder requires the personal attention of an operator devoting his entire time to the same, one who is in a position to give close study to and to understand the needs of the communities served. The Pickwick System, being a through carrier, would be unable to give this attention. The testimony shows that such an arrangement as contemplated will result in economy of operation which would benefit the parties and the public.

From the foregoing, it is our opinion that the lease should be approved and the application granted, provided that E. C. Craig will so arrange his schedules as to connect with the through service operated by the Pickwick Stages System, thus giving the people residing in this territory the same service heretofore rendered by the Pickwick Stages System.

The lessee is hereby placed upon notice that "Operative rights" do not constitute a class of property which should be capitalized or used as an element of value in determining reasonable rates. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be changed or destroyed at any time by the state which is not in any respect limited to the number of rights which may be given. The Commission at the early stages of the development of this kind of transportation should be extremely careful not to lend encouragement to the idea that these rights possess a substantial element of value, either for rate fixing or capitalization.

An order will be entered accordingly.

O R D E R

Application having been made to the Railroad Commission for an order authorizing the leasing and hiring of operative rights, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted,

IT IS HEREBY ORDERED that Pickwick Stages System, a corporation, be and it hereby is authorized to lease to E. C. Craig, and E. C. Craig be and he hereby is authorized to hire from Pickwick Stages System, operating rights for an automobile service for the transportation of persons and property between Buelton, Solvang, Los Olivos and Santa Ynez; provided that E. C. Craig shall make such changes in his operating schedules as are necessary to insure to the traveling public connection with the through stages of Pickwick Stages System; and provided further that -

1. The consideration to be paid for the property herein authorized to be leased shall never be urged before this Commission or any other rate fixing body as a measure of value of said property for rate fixing, or any purpose other than the lease herein authorized.
2. Applicant Pickwick Stages System shall immediately unite with applicant E. C. Craig in common supplement to the tariffs on file with the Commission, applicant Pickwick Stages System on the one hand withdrawing, and applicant E. C. Craig on the other hand accepting and establishing such tariffs and all effective supplements thereto.
3. Applicant Pickwick Stages System shall immediately withdraw time schedules filed in its name with the Railroad Commission and applicant E. C. Craig shall immediately file, in duplicate, in his own name, time schedules covering service heretofore given by applicant Pickwick Stages System which time schedules shall be time schedules satisfactory to the Railroad Commission.

4. The rights and privileges herein authorized may not be sold, leased, transferred nor assigned, nor service thereunder discontinued, unless the written consent of the Railroad Commission to such sale, lease, transfer, assignment or discontinuance has first been secured.
5. No vehicle may be operated by applicant Craig unless such vehicle is owned by said applicant or is leased by him under a contract or agreement on a basis satisfactory to the Railroad Commission.

Dated at San Francisco, California, this _____ day of _____, 1927.

Emmert
C. Seaver
Leon White
John B. Rutter
M. J. Carr
Commissioners.